



Section 385 Regulations-Corporate Client Alert

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"How Do the Final Section 385 Regulations Impact Your Company"

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The business community breathed a sigh of relief after Treasury's issuance, on October 13, 2016, of final and temporary debt-equity regulations under section 385 of the Code (the "385 regulations" or the "regulations"). Unlike the regulations proposed in April, the regulations are largely inapplicable to U.S.-parented multinationals. Treasury also narrowed the impact of the regulations on foreign-parented companies with U.S. subsidiaries. The regulations are nonetheless a major development for those companies, and now is the time to consider their effects.